

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY CAIRO

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E.O. 11652: N/A

TAGS: BEXP, EG

SUBJECT: 300 MILLION DOLS HOUSING PROJECT IN MAADI

1. SUMMARY: COMSER INTERNATIONAL LTD. HAS SIGNED A CONTRACT WITH FIRM RELATED TO OSMAN AHMED OSMAN TO RE-DO THE A/E DESIGN AND TO SUPERVISE CONSTRUCTION OF FIRST STAGE OF A 300 MILLION DOLS HOUSING PROJECT IN MAADI APPARENTLY FINANCED BY SAUDI ARABIAN CAPITAL.

2. HARVEY WEISS, WASHINGTON REP FOR COMSER, CONTACTED CAGNE FOR INFO ON EMPLOYEE LIVING COSTS IN CAIRO. IN CONVERSATION WEISS DISCUSSED PROJECT CANDIDLY AND EXPRESSED PERSONAL RESERVATIONS ABOUT ASPECTS OF COMSER DEAL.

3. COMSER WAS FOUNDED BY JAY COSGROVE (ARCHITECT AND AMCIT) WITH INCORPORATION IN CAYMEN ISLANDS. COSGROVE SIGNED CONTRACT ON MAY 28 WITH COMPANY RELATED TO OSMAN A.

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OSMAN (UNCLEAR TO WEISS WHETHER IT IS ARAB CONTRACTORS OR ARAB CONTRACTORS EMPLOYEES COMPANY). CONTRACT FOR 30 MONTHS CALLS FOR COSGROVE TO PROVIDE 8 PROFESSIONALS TO RE-DRAW THE A/E DESIGN AND TO PROVIDE CONSTRUCTION SUPERVISION FOR A LONG STALLED HOUSING PROJECT IN MAADI. COMSER IS SCHEDULED TO BEGIN WORK IN CAIRO IN LATE OCT 1977.

ALL COMSER PERSONNEL TO BE AMCIT. CONSTRUCTION TECHNIQUE WILL BE QUOTE TUNNEL FORM SYSTEM UNQUOTE DEVELOPED IN GERMANY AND ADAPTED BY COSGROVE. AT SOME POINT COMSER WILL RECEIVE EGYPTIANS IN US FOR TOTAL OF 90 MAN-DAYS OF TRAINING TO LEARN TUNNEL FORM SYSTEM.

4. TOTAL PROJECT IS TO ULTIMATELY COST 300 MILLION DOLS AND BE QUOTE LARGEST PRIVATE PROJECT EVER PUT THROUGH IN EGYPT UNQUOTE. FIRST STAGE COSTING 25 MILLION DOLS WILL BE FOR 17 BUILDINGS, 7 OF WHICH TO BE TOWERS, PROVIDING 115,000 SQ METERS SPACE FOR 864 DWELLING UNITS DIVIDED INTO 3 CLASSES: MEDIUM INCOME, DELUX, AND SUPER-DELUX. ALL UNITS SAID TO HAVE BEEN SOLD OUT 5 YEARS AGO. WEISS BELIEVES FINANCING IS FROM SAUDIS WHO ARE TO BUY 2 OF THE BUILDINGS.

5. IT IS UNCLEAR TO WEISS WHETHER CONTRACT IS FOR FORMATION OF LAW 43 JOINT VENTURE OR SIMPLY COMMERCIAL CONTRACT. COMSER AGENT IN DEAL IS HASSAN EL-ABD.

6. WEISS COMMENTED ON WHAT HE FELT WERE UNUSUAL ASPECTS OF THE CONTRACT (WHICH HE HAS NOT SEEN IN FULL) AND FELT UNEASY ABOUT A SERIES OF VERBAL UNDERSTANDINGS CONNECTED WITH CONTRACT. UNDERSTANDINGS SAID TO INCLUDE:
1) CONTINUATION OF COMSER CONTRACT INTO REMAINING STAGES OF PROJECT IF CURRENT PARTICIPATION IS SUCCESSFUL; 2) LIMITED OFFICIAL USE

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INSULATION OF COMSER FROM PROBLEMS WITH GOE BUREAUCRACY;
3) RETENTION OF QUOTE ADEQUATE UNQUOTE HOUSING AND COOKING SERVICES BY ARAB CONTRACTORS FOR COMSER WHICH WILL PAY FOR THEM; 4) OTHERS WHICH WEISS DID NOT SPECIFY. WEISS ALSO UNEASY SINCE INITIAL PAYMENT TO COMSER FOR SERVICES DUE 10 DAYS AFTER CONTRACT SIGNING HAD NOT YET ARRIVED.

7. COMMENT: PROJECT COULD BE REINCARNATION OF EL-MAADI COMPANY FOR HOUSING AND DEVELOPMENT EFFORT, ALTHOUGH WEISS NOT SURE. WEISS BELIEVES SUBSTANTIAL PROCUREMENTS FROM US SOURCES WILL BE MADE FOR PROJECT BUT DOES NOT YET KNOW HOW PROCUREMENT WILL BE ADMINISTERED. TO CAGNE'S KNOWLEDGE THIS IS ONE OF FEW MAJOR PROJECTS IN WHICH A US FIRM IS INVOLVED IN ON THE GROUND CONSTRUCTION SUPERVISION. WEISS HAS OFFERED TO PROVIDE FIRMER INFO AS IT BECOMES AVAILABLE WHICH CAGNE WILL FORWARD. WOULD APPRECIATE ANY INFO EMBASSY HAS ON PROJECT BACKGROUND AND DEVELOPMENTS. VANCE

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